

## 4912 K SERIES

On the K series of worksheets, the SNF reports the cost incurred by its SNF-based Hospice to provide patient related services to Medicare beneficiaries, including an allocation of general service costs from the SNF. The series consists of the following worksheets:

- Worksheet K - Analysis of SNF-Based Hospice Costs
- Worksheet K-1 - Analysis of SNF-Based Hospice Continuous Home Care
- Worksheet K-2 - Analysis of SNF-Based Hospice Routine Home Care
- Worksheet K-3 - Analysis of SNF-Based Hospice Inpatient Respite Care
- Worksheet K-4 - Analysis of SNF-Based Hospice General Inpatient Care
- Worksheet K-5 - Determination of SNF-Based Hospice Total Expenses for Allocation
- Worksheet K-6 - Cost Allocation - SNF-Based Hospice General Service Costs
- Worksheet K-7 - Apportionment of SNF-Based Hospice Shared Service Costs by Level of Care
- Worksheet K-8 - Calculation of SNF-Based Hospice Per Diem Cost

## 4912.10 WORKSHEET K - ANALYSIS OF SNF-BASED HOSPICE COSTS

This worksheet is used to record the trial balance of expense accounts from the SNF-based hospice accounting books and records. It also provides for reclassifications and adjustments to certain accounts. The cost centers on this worksheet are listed in a manner that facilitates the combination of the various groups of cost centers for purposes of cost finding. Cost centers listed may not apply to every SNF-based hospice using these forms. Complete only those lines that are applicable.

The SNF-based hospice must maintain the records necessary to determine the split in salary (and employee-related fringe benefits) between two or more cost centers and must adequately substantiate the method used to split the salary and employee-related fringe benefits. These records must be available for audit by your contractor. Your contractor can accept or reject the method used to determine the split in salary. Any deviation or change in methodology to determine splits in salary and employee fringe benefits must be requested in writing and approved by your contractor before any change is effectuated. Where approval of a method has been requested in writing and this approval has been received (prior to the beginning of the cost reporting period), the approved method remains in effect for the requested period and all subsequent periods until you request in writing to change to another method or until your contractor determines that the method is no longer valid due to changes in your operations.

Column Descriptions

For columns 1, 2, 4, and 6, report direct patient care service costs (lines 25 through 47) by LOC on Worksheets K-1, K-2, K-3, and K-4. For each cost center on Worksheet K, enter the sum of the amounts from Worksheets K-1, K-2, K-3, and K-4, for salaries, other costs, reclassifications, and adjustments, in columns 1, 2, 4, and 6, respectively.

Column 1.--Enter salaries from the provider's accounting books and records. Salaries for the direct patient care service cost centers (lines 25 through 47) must equal the sum of amounts reported on the corresponding lines in column 1 of Worksheets K-1, K-2, K-3, and K-4. The total salaries for line 100, column 1, must equal the salaries reported on Worksheet A, line 72, column 1.

Column 2.--Enter all costs other than salaries from the provider's accounting books and records. Other costs for the direct patient care service cost centers (lines 25 through 47) must equal the sum of amounts reported on the corresponding lines in column 2 of Worksheets K-1, K-2, K-3, and K-4. The total other costs for line 100, column 2, must equal the other costs reported on Worksheet A, line 72, sum of columns 2 *and* 4.

Column 3.--For each cost center, enter the total of column 1 plus column 2.

Column 4.--Enter any reclassifications among cost center expenses in column 3 needed to effect proper cost allocation. This column need not be completed by all providers but is completed only to the extent reclassifications are needed or reported on Worksheet A, line 72, column 6. Show reductions to expenses as negative amounts.

If reclassifications are needed for direct patient care service cost centers (lines 25 through 47), enter the reclassification amounts on the appropriate Worksheets K-1, K-2, K-3, and K-4, column 4, for each LOC.

Reclassifications for the direct patient care service cost centers (lines 25 through 47) must equal the sum of amounts reported on the corresponding lines in column 4 of Worksheets K-1, K-2, K-3, and K-4. The total reclassifications for line 100, column 4, must equal the reclassifications reported on Worksheet A, line 72, column 6.

Column 5.--For each cost center, enter the total of the amount in column 3 plus or minus the amount in column 4.

Column 6.--In accordance with 42 CFR 413.9(c)(3), enter on the appropriate lines the amounts of any adjustments to expenses required under Medicare principles of reimbursement. (See §4016.) This column need not be completed by all SNF-based hospices but is completed only to the extent adjustments are needed or reported on Worksheet A, line 72, column 8. Show reductions to expenses as negative amounts.

If adjustments are needed for direct patient care service cost centers (lines 25 through 47), enter the adjustment amounts on the appropriate Worksheets K-1, K-2, K-3, and K-4, column 6, for each level of care.

Adjustments for the direct patient care service cost centers (lines 25 through 47) must equal the sum of amounts reported on the corresponding lines in column 6 of Worksheets K-1, K-2, K-3, and K-4. The total adjustments for line 100, column 6, must equal the adjustments reported on Worksheet A, line 72, column 8.

Column 7--For each cost center, enter the total of the amount in column 5 plus or minus the amount in column 6. Transfer the amounts in column 7 for cost centers 1 through 16, and 60 through 71, to Worksheet K-5, as follows:

<u>From Worksheet K, Column 7, Line Number and Cost Center Description</u>	<u>To Worksheet K-5, Column 1:</u>
1 Cap Related Costs-Building & Fixtures	line 1
2 Cap Related Costs-Movable Equipment	line 2
3 Employee Benefits	line 3
4 Administrative & General	line 4
5 Plant Operation & Maintenance	line 5
6 Laundry & Linen	line 6
7 Housekeeping	line 7
8 Dietary	line 8
9 Nursing Administration	line 9
10 Routine Medical Supplies	line 10
11 Medical Records	line 11
12 Staff Transportation	line 12
13 Volunteer Service Coordination	line 13
14 Pharmacy	line 14
15 Physician Administrative Services	line 15
16 Other General Service	line 16
60 Bereavement Program	line 60
61 Volunteer Program	line 61
62 Fundraising	line 62
63 Hospice/Palliative Medicine Fellows	line 63
64 Palliative Care Program	line 64
65 Other Physician Services	line 65
66 Residential Care	line 66
67 Advertising	line 67
68 Telehealth/Telemonitoring	line 68
69 Thrift Store	line 69
70 Nursing Facility Room and Board	line 70
71 Other Nonreimbursable	line 71

### Line Descriptions

The Worksheet K cost centers are segregated into general service, direct patient care service, and nonreimbursable cost centers to facilitate the transfer of costs to the various worksheets. The general service cost centers appear on Worksheet K-5, and Worksheet K-6, Parts I and II, using the same line numbers as Worksheet K. The direct patient care service cost centers appear on Worksheets K-1, K-2, K-3, and K-4, using the same line numbers as Worksheet K.

### GENERAL SERVICE COST CENTERS

General service cost centers (lines 1 through 17) include expenses incurred in operating the program as a whole that are not directly associated with furnishing patient care such as, mortgage, rent, plant operations, administrative salaries, utilities, telephone, and computer hardware and software costs. Except where descriptions are provided below, see §4902 for descriptions of general service cost centers.

Lines 1 and 2 - Capital Related-Building & Fixtures and Capital Related-Movable Equipment.--Enter in column 2, the capital-related costs for buildings and fixtures and the capital-related costs for movable equipment on lines 1 and 2, respectively.

Line 3 - Employee Benefits Department.--Enter in columns 1 and 2, the salary and other costs of the employee benefits department and wage related costs paid (see CMS Pub. 15-1, chapter 21, §2144, and CMS Pub. 15-1, chapter 23, §2307).

Line 4 - Administrative & General.--Enter in columns 1 and 2, the salary and other costs of A&G.

If the option to subscript A&G costs into more than one cost center is elected (in accordance with CMS Pub. 15-1, chapter 23, §2313), eliminate line 4. Begin numbering the subscripted A&G cost centers with line 4.01 and continue in sequential order.

Line 5 - Plant Operation & Maintenance.--This cost center includes the costs incurred for plant operations and maintenance and repair services for utility systems such as heat, light, water, air conditioning and air treatment, and maintenance of the facility and grounds, such as the costs of routine painting, plumbing, mowing and snow removal.

Line 6 - Laundry & Linen Service.--Enter in columns 1 and 2, the cost of routine laundry and linen services.

Line 7 - Housekeeping.--Enter in columns 1 and 2, the cost of routine housekeeping activities.

Line 8 - Dietary.--Enter in columns 1 and 2, the cost of preparing meals for patients. Do not include the cost of dietary counseling in this cost center; report dietary counseling on line 35.

Line 9 - Nursing Administration.--Enter in columns 1 and 2, the cost of overall management and direction of the nursing services. Do not include the cost of direct nursing services reported on lines 27 through 29. The salary cost of direct nursing services, including the salary cost of nurses who render direct service in more than one patient care area, is directly assigned to the various patient care cost centers in which the services were rendered.

Line 10 - Routine Medical Supplies.--Enter in columns 1 and 2, the cost of supplies used in the normal course of caring for patients, such as gloves, masks, swabs, or glycerin sticks, that generally are not traceable to individual patients. Do not include the costs of non-routine medical supplies that can be traced to individual patients; report non-routine medical supplies on line 42.

Line 11 - Medical Records.--Enter in columns 1 and 2, the cost of the medical records department where patient medical records are maintained. The general library and the medical library are not included in this cost center but are included in the A&G cost center.

Line 12 - Staff Transportation.--Enter in columns 1 and 2, the cost of owning or renting vehicles, public transportation expenses, parking, tolls, or payments to employees for driving their private vehicles to see patients or for other hospice business. Staff transportation costs do not include patient transportation costs; report patient transportation costs on line 39.

Line 13 - Volunteer Service Coordination.--Enter in columns 1 and 2, the cost of the overall coordination of volunteer services, including recruitment and training costs.

Line 14 - Pharmacy.--Enter in columns 1 and 2, the costs of drugs (both prescription and over-the-counter), pharmacy supplies, pharmacy personnel, and pharmacy services. Do not report the cost of palliative chemotherapy drugs on this line; report the cost of palliative chemotherapy on line 45.

Line 15 - Physician Administrative Services.--Enter in columns 1 and 2, the costs for physicians' administrative and general supervisory activities that are included in the hospice payment rates. These activities include participating in the establishment, review and updating of plans of care, supervising care and services, conducting required face-to-face encounters for recertification, and establishing governing policies. These activities are generally performed by the physician serving as the medical director and the physician member of the interdisciplinary group. Nurse practitioners may not serve as or replace the medical director or physician member of the interdisciplinary group.

Line 17 - Patient/Residential Care Services.--Do not use this line on this worksheet. This cost center is used on Worksheet K-6 to accumulate in-facility costs (not separately identified as HIRC, HGIP, or residential care services that are not part of a separate and distinct residential care unit, e.g., depreciation related to in-facility areas that provide HIRC, HGIP or residential care). The amounts allocated to this cost center on Worksheet K-6 are allocated to HIRC, HGIP and residential care services that are not part of a separate and distinct residential care unit, based on in-facility days. This cost center does not include any costs related to contracted inpatient services.

When a residential care unit is separate and distinct and only used for resident care services (such as hospice home care, i.e., routine or continuous, provided in a residential unit), report costs directly on line 66.

Lines 18 through 24.--Reserved for future use.

#### DIRECT PATIENT CARE SERVICE COST CENTERS

Direct patient care service costs (lines 25 through 46) are reported by LOC on Worksheets K-1, K-2, K-3, and K-4. For each cost center on Worksheet K, enter the sum of the amounts from Worksheets K-1, K-2, K-3, and K-4 for salaries, other costs, reclassifications, and adjustments in columns 1, 2, 4, and 6, respectively.

Line 25 - Inpatient Care - Contracted.--This cost center includes the contractual costs paid to another inpatient facility for use by the hospice for hospice inpatient care (HIRC or HGIP) in accordance with 42 CFR 418.108I. This cost center does not include the cost of any direct patient care services or nonreimbursable services provided by hospice staff in the contracted setting. Costs of any services provided by hospice staff in the contracted setting are included in the appropriate direct patient care service or nonreimbursable cost center. Costs in this cost center are excluded from the allocation of A&G costs.

Line 26 - Physician Services.--This cost center includes the costs incurred by the hospice for physicians, or nurse practitioners providing physician services, for direct patient care services and general supervisory services, participation in the establishment of plans of care, supervision of care and services, periodic review and updating of plans of care, and establishment of governing policies by the physician member of the interdisciplinary group. (See 42 CFR 418.304.) Reclassify the cost for the portion of time physicians, or nurse practitioners spent on general supervisory services or other hospice administrative activities to Physician Administrative Services (line 15). This cost center must not include costs associated with palliative care or other nonreimbursable physician services. Nonreimbursable physician services must be reported in the appropriate nonreimbursable cost center.

Line 27 - Nurse Practitioner (NP).--This cost center includes the costs of nursing care provided by NPs. Do not include costs for NPs providing physician services on this line; report the costs for nurse practitioners providing physician services on line 26.

Line 28 - Registered Nurse(RN).--This cost center includes the costs of nursing care provided by RNs other than nurse practitioners.

Line 29 - Licensed Practical Nurse (LPN).--This cost center includes the costs of nursing care provided by an LPN. Do not include costs for I services on this line; report the costs for I services on line 37.

Line 30 - Physical Therapy (PT).--This cost center includes the costs of physical or corrective treatment of bodily or mental conditions by the use of physical, chemical, and other properties of heat, light, water, electricity, sound massage, and therapeutic exercise by or under the direction of a physical therapist that meets the requirements set forth in 42 CFR 418.114, as prescribed by a physician. PT services may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

Line 31 - Occupational Therapy (OT).--This cost center includes the costs of purposeful goal-oriented activities in the evaluation, diagnosis, and/or treatment of persons whose function is impaired by physical illness or injury, emotional disorder, congenital or developmental disability, or the aging process, in order to achieve optimum functioning, to prevent disability, and to maintain health provided by or under the direction of an occupational therapist that meets the requirements set forth in 42 CFR 418.114, as prescribed by a physician. OT services may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

Line 32 - Speech/Language Pathology (SLP).--This cost center includes the costs of physician-prescribed services provided by or under the direction of a speech/language pathologist who meets the requirements set forth in 42 CFR 418.114, to those with functionally impaired communications skills. This includes the evaluation and management of any existing disorders of the communication process centering entirely, or in part, on the reception and production of speech and language related to organic and/or nonorganic factors. SLP services may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

Line 33 - Medical Social Services.--This cost center includes the cost of medical social services defined in CMS Pub. 100-02, chapter 9, §40.1.2, including the costs of a social worker who meets the requirements set forth in 42 CFR 418.114. Reclassify costs for nonreimbursable activities included in this cost center to the appropriate nonreimbursable cost center.

Line 34 - Spiritual Counseling.--This cost center includes the cost of spiritual counseling services. Reclassify costs for nonreimbursable activities included in this cost center to the appropriate nonreimbursable cost center.

Line 35 - Dietary Counseling.--This cost center includes the costs of dietary counseling services.

Line 36 - Counseling - Other.--This cost center includes the cost of counseling services not identified as spiritual, dietary or bereavement counseling. Reclassify costs for nonreimbursable activities included in this cost center to the appropriate nonreimbursable cost center.

Line 37 - Hospice Aide & Homemaker Services.--This cost center includes the costs of:

- Hospice aide services such as personal care services and household services to maintain a safe and sanitary environment in areas of the home used by the patient; and,
- Homemaker services such as assistance in the maintenance of a safe and healthy environment and services to enable the individual to carry out the plan of care.

Include the cost of CNAs and homemakers that meet the criteria for a hospice aide and homemaker, as set forth at 42 CFR 418.114 in this cost center.

Line 38 - Durable Medical Equipment/Oxygen.--This cost center includes the costs of DME and oxygen, as defined in 42 CFR 410.38 and 42 CFR 418.202(f), furnished to individual HRHC or HCHC patients. Report DME costs by the LOC the patient was receiving at the time the DME/oxygen was delivered. If the LOC of a patient changed after delivery of the DME/Oxygen, the SNF-based hospice may report the costs proportionally between HRHC and HCHC based on patient days.

Line 39 - Patient Transportation.--This cost center includes the costs of ambulance transports of hospice patients, related to the terminal prognosis and occurring after the effective date of the hospice election, that are the responsibility of the SNF-based hospice. (See CMS Pub. 100-02, chapter 9, §40.1.9.) When a patient is transferred to a new LOC, report the transportation cost to that LOC. For example, a patient in a HGIP LOC is transferred to HRHC LOC and transported to their home; the transportation cost associated with this transfer must be included in the HRHC LOC.

Line 40 - Imaging Services.--This cost center includes the costs of imaging services.

Line 41 - Labs & Diagnostics.--This cost center includes the costs of laboratory and diagnostic tests.

Line 42 - Medical Supplies - Non-routine.--This cost center includes the costs of medical supplies furnished to individual patients for which a separate charge would be applicable. These supplies are specified in the patient's plan of treatment and furnished under the specific direction of the patient's physician. Do not include the cost of routine medical supplies used in the normal course of caring for patients, (such as gloves, masks, swabs, or glycerin sticks) on this line; report routine medical supplies on line 10. When a provider does not track the use of non-routine medical supplies by LOC, the provider may report the costs proportionally between LOCs based on patient days.

Line 43 - Drugs Charged to Patients.--This cost center includes the costs of drugs furnished to individual patients for which a separate charge would be applicable. These drugs are specified in the patient's plan of treatment and furnished under the specific direction of the patient's physician. When a provider does not track the use of drugs by LOC, the provider must report the costs on line 14.

Line 44 - Outpatient Services.--This cost center includes the costs of outpatient services not captured elsewhere. This cost can include the cost of an emergency room department visit when related to the terminal condition.

Lines 45 and 46 - Palliative Radiation Therapy and Palliative Chemotherapy.--These cost centers include costs of radiation, chemotherapy and other modalities used for palliative purposes based on the patient's condition and the hospice's caregiving philosophy.

Line 47 - Other Direct Patient Care Services.--Use this line to identify expenses for other direct patient care service costs not identified on lines 25 through 46.

Lines 48 through 49.--Reserved for future use.

Lines 50 through 53.--Reserved for use on Worksheet K-6, Parts I and II.

Lines 54 through 59.--Reserved for future use.

#### NONREIMBURSABLE COST CENTERS

Nonreimbursable cost centers (lines 60 through 71) include costs of nonreimbursable services and programs. Report the costs applicable to nonreimbursable cost centers to which general service costs apply. If additional lines are needed for nonreimbursable cost centers other than those shown, subscript one or more of these lines with a numeric code. The subscripted lines must be appropriately labeled to indicate the purpose for which they are being used. However, when the expense (direct and all applicable overhead) attributable to any non-allowable cost area is so insignificant as to not warrant establishment of a nonreimbursable cost center, remove the expense on Worksheet A-8. (See CMS Pub. 15-1, chapter 23, §2328.)

Line 60 - Bereavement Program.--Enter in columns 1 and 2, the salary and other costs of bereavement services, defined as emotional, psychosocial, and spiritual support and services provided before and after the death of the patient to assist with grief, loss, and adjustment (42 CFR 418.3). Bereavement counseling is a required hospice service, but it is not reimbursable (see §1814(I)(1)(A) of the Act).

Line 61 - Volunteer Program.--Enter in columns 1 and 2, the salary and other costs of volunteer programs. (See CMS Pub. 15-1, chapter 7.)

Line 62 - Fundraising.--Enter in columns 1 and 2, the salary and other costs of fundraising. (See CMS Pub. 15-1, chapter 21, §2136.)

Line 63 - Hospice/Palliative Medicine Fellows.--Enter in columns 1 and 2, the salary and other costs of hospice and palliative medicine fellows.

Line 64 - Palliative Care Program.--Enter in columns 1 and 2, the salary and other costs of palliative care provided to non-hospice patients. This includes physician services.

Line 65 - Other Physician Services.--Enter in columns 1 and 2, the salary and other costs of other physician services that are provided outside of a palliative care program to non-hospice patients.

Line 66 - Residential Care.--Enter in columns 1 and 2, the salary and other costs of residential care for patients living in the hospice facility, but who are not receiving inpatient hospice services. Patients living in the hospice facility are considered residents, when the hospice facility is their home. These patients are liable for their room and board charges; however, the outpatient hospice care services provided must be recorded in the direct patient care cost centers on the appropriate HRHC and/or HCHC LOC worksheet.

Line 67 - Advertising.--Enter in columns 1 and 2, the salary and other costs of non-allowable community education, business development, marketing and advertising (see CMS Pub. 15-1, chapter 21, §2136).

Line 68 - Telehealth/Telemonitoring.--Enter in columns 1 and 2, the salary and other costs of telehealth/telemonitoring services. These costs are nonreimbursable since a hospice is not an approved originating site (see 42 CFR 410.78(b)(3)).

Line 69 - Thrift Store.--Enter in columns 1 and 2, the salary and other costs of thrift stores.

Line 70 - Nursing Facility Room and Board.--Enter the costs incurred by a SNF-based hospice for dually eligible beneficiaries residing in a NF when room and board is paid by the State to the SNF-based hospice. The full amount paid to the NF by the SNF-based hospice must be included on this line and offset by the State payment via an adjustment on Worksheet A-8. The residual cost is the net cost incurred.

For example, a dually eligible beneficiary residing in a NF and has elected the Medicare hospice benefit. The NF charges \$100 per day for room and board. The State pays the SNF-based hospice \$95 for the NF room and board. The SNF-based hospice has a written agreement with the NF that requires full room and board payment of \$100 per day. The SNF-based hospice receives \$95 per day, but pays the NF \$100 per day, thereby incurring a net cost of \$5 per day.

Line 71.--Use this line to identify expenses for other nonreimbursable costs not identified on lines 60 through 70.

Lines 72 through 99.--Reserved for future use.